



*Michael C. Schlachter, CFA  
Managing Director and Principal*

December 2, 2008

Ms. Anne Stausboll  
Interim Chief Investment Officer  
California Public Employees' Retirement System  
400 Q Street  
Sacramento, CA 95814

Re: Fixed Income Benchmarks Name Change

Dear Anne,

You requested Wilshire's opinion with respect to Staff's agenda item discussing the changes to the names of fixed income benchmarks and the removal of Lehman Brothers from counterparty and borrower lists.

**Recommendation**

**Wilshire recommends that the Policy Subcommittee accept Staff's recommended changes to the applicable policies.**

**Discussion**

Following the bankruptcy of Lehman Brothers, Lehman's entire index division was sold to Barclays Capital. All indices will be produced and calculated in the same manner as before, but have been renamed to reflect the new parent company. Changing the corresponding names in the relevant policies is now necessary.

Second, given that Lehman Brothers no longer exists as a solvent entity, removing the firm from CalPERS' lists of counterparties and borrowers is appropriate.

If you have any questions or comments, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Schlachter', with a long horizontal flourish extending to the right.